ICE Futures Europe Position, Expiry and Delivery Limits and Accountability Levels Policy

February 2026

ICE Futures Europe Position, Expiry and Delivery Limits and Accountability Levels

This policy provides details on the limits imposed by ICE Futures Europe (the "Exchange") on certain "linked contracts" pursuant to its status as a Foreign Board of Trade registered with the CFTC and limits imposed by the Exchange on other contracts (Expiry, and Delivery Limits), collectively referred to, for the purposes of this Guidance, as "the Limits".

Important: This policy is effective up to and including Friday 3 July 2026. From Monday 6 July 2026, the following policy will be effective: Position Limits and Accountability Levels Policy (July 2026).

For further information on the changes to position reporting, management, accountability and limits from 6 July 2026, please see the FAQ.

1. Applicable Position, Expiry, Delivery Limits and Accountability Levels

A table detailing the applicable Position Limits, Expiry Limits, Delivery Limits and Accountability Levels on ICE Futures Europe Contracts is provided here.

Please be advised that the Exchange Position Limits set out in the table related to the limits for the source contract, not each individual contract.

2. Position Limits imposed on Linked Contracts

Exchange Position Limits

Consistent with the mandatory position limits under Part 150 of the CFTC Regulations ("Part 150")[1], the Exchange imposes position limits on certain oil and refined product contracts (as identified below) that are referenced contracts[2] within Part 150 and are:

(i) directly or indirectly linked, including being partially or fully settled on, or priced at a fixed differential to, the price of a particular Core Referenced Futures Contract ("US Linked Contracts")[3]; or

(ii) directly or indirectly linked, including being partially or fully settled on, or priced at a fixed differential to, the price of the same commodity underlying a particular Core Referenced Futures Contract for delivery at the same location or locations as specified in that Core Referenced Futures Contract.

Part 150 imposes spot month limits on positions in Core Referenced Futures Contracts and certain related contracts, including US Linked Contracts. Pursuant to its registration as a Foreign Board of Trade, the Exchange is required to maintain position limits for US Linked Contracts (including related hedge exemption provisions) that are comparable to those adopted by the registered entity for the contract to which the US Linked Contract is linked.[4]

Part 150 deems that the Spot month period for certain Core Reference Futures Contracts will start at the close of business on the trading day preceding the third-to-last trading day and ending when the Core Reference Futures Contract expires; ICE Futures Europe will apply its spot month period for its Linked Contracts for the same duration, which depending on the Contract may include the last three trading days prior to expiry (including Last Trading Day).

[1] Code of Federal Regulations, Title 17, Chapter 1, Part 150.
[2] Part 150 Section 150.1
[3] Part 150 Section 150.2(h)
[4] Code of Federal Regulations, Title 17, Chapter 1, Part 48 Section 48.8(c).

For the purposes of applying Position Limits certain contract positions (as listed in Table 1) will be aggregated according to their relevant source contract:

Source Contract	Contract Code	Aggregating Source Contract	Exchange Position Limit Period
ICE WTI Futures	T	WLD	Last three trading days before expiry of the Core Reference Futures Contract to which ICE WTI Futures Contract ("T") relates. This is the close of business on the trading day preceding the second-to-last trading day of the ICE Futures Europe Contract and ending when the contract expires.
ICE WTI Crude Oil Last Day Future	WLD	WLD	This is the last three trading days before expiry of the Core Reference Futures Contract. This is the close of business on the trading day preceding the third-to-last trading day of the ICE Futures Europe Contact and ending when the contract expires.
ICE Heating Oil Futures	O	OLD	Last three trading days before expiry of the Core Reference Futures Contract to which ICE Heating Oil Futures Contract ("O") relates. This is the close of business on the trading day preceding the second-to-last trading day of the ICE Futures Europe Contract and ending when the contract expires.
ICE NYH Heating Oil Last Day Future	OLD	OLD	This is the last three trading days before expiry of the Core Reference Futures Contract. This is the close of business on the trading day preceding the third-to-last trading day of the ICE Futures Europe Contact and ending when the contract expires.
ICE RBOB Gasoline Futures	N	NLD	Last three trading days before expiry of the Core Reference Futures Contract to which ICE RBOB Gasoline Futures Contract ("N") relates. This is the close of business on the trading day preceding the second-to-last trading day of the ICE Futures Europe Contract and ending when the contract expires.
ICE (RBOB) Gasoline Last Day Future	NLD	NLD	This is the last three trading days before expiry of the Core Reference Futures Contract. This is the close of business on the trading day preceding the third-to-last trading day of the ICE Futures Europe Contact and ending when the contract expires.
ICE NYH Ultra Low Sulphur Diesel Futures	O62	O62	This is the close of business on the trading day preceding the third-to-last trading day of the ICE Futures Europe Contract and ending when the contract expires.
ICE NYH Ultra Low Sulphur Heating Oil Futures	O67	O62	This is the close of business on the trading day preceding the third-to-last trading day of the ICE Futures Europe Contract and ending when the contract expires.
ICE Soybean Penultimate Day 1st Line Future	SOY	SOY	The Spot Month Limit shall apply at the close of trading of the preceding day to the last trading day of the ICE Futures Europe contract. The Single and All Month Limits shall apply to any one single month and in all months combined.

No person may hold or control positions in the spot month period, net long or net short, in excess of the levels specified in this document and accompanying table, unless an exemption is obtained from the Exchange Market Regulation Department (see Section 9 below for further details). Failure to observe

Exchange Position Limits will be a breach of Exchange Rules and may lead to disciplinary action. Where positions are held across multiple Clearing Members, the Exchange Position Limits will apply to the aggregated net position. Positions under common ownership or control are subject to CFTC aggregation rules for the purposes of Exchange Position Limits (see Section 8 below). Nothing in this Guidance will limit the authority of the Exchange to direct or require any person to limit, reduce or liquidate any position where the Exchange determines such action to be necessary to prevent or reduce the threat of price manipulation, excessive speculation, price distortion or disruption of delivery or the cash settlement process.

For certain contracts listed in Table 1, in line with the position limit methodology introduced by Part 150 for the Spot Month, the Exchange will apply similar step-down spot month limits. The Exchange notes that under Part 150 the applicable expiry period will be that of the Core Reference Futures Contract, which may not be the same expiry dates as those of the respective referencing ICE contract.

For ICE WTI, the Exchange will apply limits to positions net long or net short as follows:

- 6,000 lots at the close of trading two trading days prior to the last trading day of the ICE WTI Contract;
- 5,000 lots at the close of trading on the penultimate trading day, and on the last trading day of the ICE WTI Contract.

Exemptions from these limits can be applied for and shall be considered by the Exchange (see section 8 below) under criteria consistent with Part 150 and comparable to that for the relevant Core Reference Futures Contract.

3. Expiry Limits imposed by the Exchange

Expiry Limits

The Exchange may unilaterally impose mandatory Expiry Limits on certain contracts for the last five trading days prior to expiry (including Last Trading Day), or for such other period prior to expiry, as may be proposed by the Exchange ("the Expiry Limit period").

The Exchange Expiry Limit periods are as follows:

Source Contract	Contract Code	Exchange Expiry Limit Period
ICE Brent Crude Futures	B	Last five trading days prior to expiry (including Last Trading Day)
ICE Dubai 1st Line Futures	DBI	First to the final trading day of the expiry month
UK Natural Gas Futures	M	Last five trading days prior to expiry (including Last Trading Day)
Japanese (Tokyo Area) Power Financial Base Futures	JTB	First to the final trading day of the expiry month
Japanese (Tokyo Area) Power Financial Peak Futures	JTC	First to the final trading day of the expiry month
Japanese (Kansai Area) Power Financial Base Futures	JKB	First to the final trading day of the expiry month
Japanese (Kansai Area) Power Financial Peak Futures	JKC	First to the final trading day of the expiry month

These Expiry Limits cannot be exceeded unless an exemption is obtained from the Exchange Market Regulation Department, and the conditions of the exemption observed. Failure to observe Expiry Limits will be a breach of Exchange Rules and may lead to disciplinary action. Where positions are held across multiple Clearing Members, the Expiry Limits will apply to the aggregated net position.

4. Delivery Limits imposed by the Exchange

Energy Delivery Limits
There are mandatory Delivery Limits imposed on the following contracts:

<table>
<tr><th>Source Contract</th><th>Contract Code</th><th>Exchange Delivery Limit Period</th></tr>
<tr><td>ICE Futures Europe Low Sulphur Gasoil Futures</td><td>G</td><td>The mandatory Delivery Limit shall take effect at 1pm (UK), following expiry of the contract on the day of expiry i.e., it will apply to the final position (either Long or Short) after taking into account all EFPs permissibly posted in respect of the Delivery month</td></tr>
<tr><td>Midland WTI American Gulf Coast Futures</td><td>HOU</td><td rowspan="4">The mandatory Delivery Limit shall take effect after the cessation of trading i.e., it will apply to the final position (either Long or Short) after taking into account all EFPs permissibly posted in respect of the Delivery month</td></tr>
<tr><td>ICE Permian WTI Storage Futures</td><td>HOS</td></tr>
<tr><td>ICE NYH Ultra Low Sulphur Heating Oil Futures</td><td>O67</td></tr>
<tr><td>ICE NYH Ultra Low Sulphur Diesel Futures</td><td>O62</td></tr>
</table>

The Delivery Limit cannot be exceeded unless an exemption is obtained from the Exchange Market Regulation Department. Failure to observe Delivery Limits will be a breach of Exchange Rules and may lead to disciplinary action. Where positions are held across multiple Clearing Members, the Delivery Limit will apply to the aggregated net Long or net Short position.

The Exchange may, however, request further information from participants should it have concerns about the size of a position held in any month or across a contract.

Members must ensure that they have performed all necessary position management in accordance with Rule G.17 prior to expiry to ensure that the open positions are accurate.

Soft Commodities Delivery Limits & Cash Convergence

There are mandatory Soft Commodities Delivery Limits imposed on the following contracts (collectively ‘the Soft Commodities Contracts’) close to or at expiry:

Source Contract	Contract Code	MIC	Exchange Delivery Limit Period
London Cocoa Futures	C	IFLX	Limits apply on expiry of the contract.
Robusta Coffee Futures	RC	IFLX	Limits apply from the close of business on the trading day before First Notice Day.
White Sugar Futures	W	IFLX	Limits apply on expiry of the contract.
Feed Wheat Futures	T	IFLX	Limits apply from the close of business on the trading day before First Notice Day.

In the case of ICE London Cocoa Futures, long positions are subject to a minimum Delivery Limit. Short positions are not subject to a minimum.

The Soft Commodities Delivery Limits cannot be exceeded unless an exemption is obtained from the Exchange Market Supervision Department. Failure to observe Delivery Limits will be a breach of Exchange Rules and may lead to disciplinary action.

Members must ensure that they have performed all necessary position management in accordance with Rule G.17 prior to expiry to ensure that the open positions are accurate.

Cash Convergence Principles

In conjunction with the Soft Commodities Delivery Limits, if necessary for the management of orderly expiries for the Soft Commodities Contracts the Exchange will apply the principle of Cash Convergence.

It is an intrinsic feature of futures contracts that, at the point of expiry, the futures market price should, broadly speaking, converge with that of the underlying. However, for that to be visible to market participants, the price of the underlying should ideally have the same degree of transparency as that for the futures contract admitted to trading on the Exchange. Where the underlying market is opaque, so it becomes difficult to determine the price of the underlying ("the Cash price"), and its relationship to the futures price, whether it be trading at a discount or a premium.

For the avoidance of doubt, it is not the objective of the Exchange to achieve convergence to the Cash price; that is a function of the market. The objective of the Exchange is, amongst other things, to ensure a fair and orderly market.

Where the futures price in the front-month contract is initially at a discount to the Cash price, market activity may result in an inversion (or backwardation) of the price of the front-month versus the price of the second month in the event that the market seeks convergence at the expiry of the front-month contract. The degree of inversion will depend upon the extent to which the price of the second month contract is trading at a discount to the Cash price. It should be noted that any discount will vary as it will be subject to movements in both the futures price and, importantly, the Cash price.

The Exchange collates Cash prices from a variety of sources, both independent brokers as well as market participants. In conjunction with other procedures used to monitor the market, and in particular the impact that dominant positions may have upon the market, the Exchange will utilise the Cash price data to help determine whether the market is or is likely to be, if left unchecked, disorderly. If the Exchange determines that intervention is required, then it may request certain actions from market participants. These may include, but not be limited to, the provision of liquidity to the market at economically appropriate price levels.

Notwithstanding the potential for long position-holders to be requested to provide liquidity, short positions held close to expiry of a contract will also be monitored closely by the Exchange, given that a short position carries a corresponding obligation to effect delivery if the position is held through to the expiry. When assessing the appropriate levels of Cash Convergence, the Exchange may consider the volume of gradings and deliveries.

5. Accountability Levels imposed by the Exchange

Single Month Accountability Level
If a position exceeds the Single Month Accountability Level then the Exchange may require further information as to the nature and purpose of the position of that account (or, if appropriate, linked accounts as determined by the Exchange), and may direct that Members cannot accept further orders that increase the position, or direct that the position be reduced to a level below the Accountability Level.

All Month Accountability Level
If a position exceeds the All Month Accountability Level then the Exchange may require further information as to the nature and purpose of the position of that account (or, if appropriate, linked accounts as determined by the Exchange), and may direct that Members cannot accept further orders that increase the position, or direct that the position be reduced to a level below the Accountability Level.

6. Ratios

Ratios denote the relationship between the specific Exchange Contract listed in Table 1 and the source Exchange Contract into which it aggregates.

7. Exchange Position Limits and MIFID II Position Limits

Members should be aware that the applicable limit on any given day will be the lower of

- the MIFID II position limit as published by the UK Financial Conduct Authority[5]; and
- any Exchange position, expiry, or delivery limit.

8. Application of Exchange Limits

Aggregation of Contracts
Contracts will aggregate into one or more source contracts and will contribute to the overall Exchange Position Limit for that source contract.

Diminishing balance Contracts
Where a contract is defined as a balance-of-month or average-of-month contract, the position it represents, for Exchange position limits purposes, is the *pro rata* balance during the expiry period of the source contract into which it aggregates.

Option positions
All options positions will be converted to a futures equivalent by applying Exchange-generated delta values to the position. The futures equivalent will be applied to the related futures position to produce the net position.

Where an options contract expires during the Position or Expiry Limit Period of the underlying futures source contract, all reasonable endeavours should be taken to ensure the net futures position remains below the applicable Position or Expiry Limit. Following expiry of the options contract, if the resulting futures position unexpectedly exceeds the relevant Position or Expiry Limit (or the allowable limits for approved exemptions) due to the exercise of options, an additional business day shall be granted to enable such excess position to be reduced below the limit. This does not apply to position limits for options positions where the option expires the same day as the underlying futures source contract.

This approach does not preclude the Exchange from making enquiries of the Member holding the position if it thinks that the position is excessive.

Aggregation of positions across multiple clearers
The Exchange will monitor positions held by Members or their clients across multiple Clearing Members. Where positions are held across multiple Clearing Members, the aggregated net position across those Members will count for the purposes of all Position and Expiry Limits and Accountability Levels.

For the avoidance of doubt, when referring to aggregation of positions with respect to Delivery Limits, the Exchange considers the aggregated net long and the aggregated net short position held across those Members. Please note that the Exchange expects positions to be managed and closed out as necessary prior to expiry. The Exchange shall make enquiries where participants are holding long and short positions in the expiring physically delivered energy contracts to confirm intentions. Members holding such positions will be expected to make and take delivery of the physically delivered energy contracts respectively.

Linked and independent accounts
In addition to aggregating positions held by the same account across multiple Clearing Members, the Exchange will on request aggregate separate accounts or sub accounts under common ownership or

[5] See: https://www.fca.org.uk/markets/mifid-ii/commodity-derivatives/position-limits

control. If so requested, this will mean that positions held by different business units within a client or Member, or positions held by affiliate companies of a client or Member, shall be aggregated and be subject to the normal Position, Expiry or Delivery Limits and Accountability levels. However, if such positions are independently controlled, then the positions will not be aggregated.

Members may request that the Exchange treat accounts or groups of accounts as aggregated with or disaggregated from each other for the purposes of Position, Expiry or Delivery Limit and Accountability Levels. With respect to accounts holding positions in US Linked Contracts referenced in Table 1, when making such a request to aggregate or disaggregate accounts, Members must have regard to the aggregation requirements of CFTC Regulation 150.4[6], including but not limited to whether any person, directly or indirectly, by power of attorney or otherwise;

i. holds a 10 percent or greater ownership or equity interest in those positions; and/or
ii. controls the trading of the positions; and/or
iii. whether any related exemptions from aggregation apply under CFTC regulations, such as, for example, exemptions for certain limited partners, accounts carried by an independent account controller, certain broker-dealer activity, information sharing restrictions and treatment of certain affiliated entities. Certain such exemptions may require a filing or notice with the CFTC.

Such requests must be supported with sufficient information to satisfy the Exchange that this is the case. The Exchange's decision as to whether to aggregate or treat positions as independent will be final. A failure to have regard to the aggregation requirements of CFTC Regulation 150.4 may be deemed a breach of Exchange Rules.

Treatment of omnibus accounts
Where Members or Reporting Firms use 'omnibus' accounts to represent a summary of the positions in one or many underlying accounts held by:

a) an affiliate organisation of the Member, or

b) a client of the Member

it is important to note that the individual underlying accounts must be identified, and their positions reported.

Where the underlying accounts' positions of the Member's client are reported under the same Firm Code as the Member's main reporting, it is not necessary to report the positions in the omnibus account.

Where the underlying accounts' positions are reported directly under a different Firm Code, either by an affiliate or client of the Member, it is necessary to report both those positions and the position held in the omnibus account.

Reportable positions within omnibus accounts must be fully disclosed to the Exchange. Failure to do so will result in the Exchange treating all positions in the account as if they were under common ownership or control, and therefore aggregated for the purposes of Position, Expiry and Delivery Limit and Accountability Level calculations.

9. Exemptions from Position, Expiry and Delivery Limits

All applications for exemptions must follow the procedures laid down in the Exchange Regulations and, as a minimum, will include a description of the size and nature of and need for the exemption, an explanation of the nature and extent of the applicant's business, and an undertaking that the applicant will comply with any limitations imposed by the Exchange with regard to the positions. The Exchange may require such additional information as it believes necessary to make a fully informed decision to grant or refuse the application.

A Member acting on behalf of a client or the client to whom an exemption has been granted shall either supply the Exchange in a timely manner with all information it may request in relation to the Person's other related positions, including but not limited to physical cargoes, cash positions, over the counter and bilateral

[6] Code of Federal Regulations, Title 17, chapter 1, Part 150 Section S150.4 Aggregation of positions.

swaps positions, positions held on or cleared by other exchanges or clearing houses, trading strategies and hedging information, or will relinquish the exemption with immediate effect. The Exchange may also require evidence that an exemption is being used in the manner described when the application was submitted for approval.

Exemptions from Position Limits
With respect to US Linked Contracts, the Exchange may grant exemptions from the Position Limits for bona fide hedge positions qualifying as enumerated hedges under CFTC Regulation 150.3(a)(1) or spread transactions meeting the definition in CFTC Regulation 150.1. ICE Futures Europe may consider requests by participants for exemptions for non-enumerated bona fide hedging activity in a manner compatible with CFTC Rule 150.3(a)(ii) and CFTC Rule 150.9. Any such exemptions may be subject to additional requirements and conditions (including regulatory approval). The Exchange may also grant exemptions from Position Limits in financial distress circumstances where an applicable exemption has been obtained from the CFTC pursuant to CFTC Regulation 150.3(a)(3).

Applicants requesting an exemption should use the ICE Futures Europe Position Limit Exemption Form (see the link below). See the applicable deadlines in “How to Request an Exemption” below. Where an exemption is sought in good faith due to sudden unforeseen circumstances, a person must apply for a bona fide hedging exemption within five business days after the person established the position that exceeded the applicable Position Limit. In the event that such a request is denied by the Exchange, the person making such an application must bring its position within the permitted limit within a commercially reasonable period-of-time as approved by the Exchange.

The Exchange may deny any application for an exemption from Position Limits, or further limit, condition or revoke any exemption at any time on notice to the applicant. The Exchange will consider, among other factors, whether the requested exemption would be in accord with sound commercial practices in the relevant market and/or exceed an amount that may be established and liquidated in an orderly fashion in that market.

Exemption holders should maintain complete books and records concerning all details of the exposures giving rise to the need for the exemption. This includes, but is not limited to, details of their related cash, forward and other OTC positions and transactions. The Exchange may request such information on a reasonable basis in support of such exemption, or for the purposes of ad-hoc audit ex post.

Where there is a material change to the circumstances used to support the application the Exchange may revoke such exemption.

Exemptions from Expiry Limits
The Exchange may grant exemptions from the Expiry Limits for participants who provide and document a commercial rationale for their requirement.

Exemptions from Delivery Limits
The Exchange may grant exemptions from the Delivery Limit for participants who can demonstrate a commercial need and an ability to execute deliveries that are greater than the limit.

In the case of Soft Commodities, the Exchange will be guided by the level of certified stocks held by the applicant and by others, and by market circumstances generally. Participants should refer to Section P of the Exchange Regulations and Schedule B of this Policy for further reference.

How to request an exemption
Applications for exemptions must be made in writing to the Exchange as soon as the applicant believes that it is likely to exceed the Position, Expiry or Delivery Limits but in any case, five days prior to the commencement of relevant Limit period. Applications received after the deadline may still be approved if the Exchange deems it to be appropriate and conducive to maintaining a fair and orderly market.

Exemptions will be valid for a maximum of 12 months, following which a new application will need to have been approved before the start of the following limit period to have a valid exemption in place. Holders of any exemption should submit a new application ahead of the expiry of their existing exemption.

In the case of Soft Commodities, exemptions will be granted for the front delivery month only (or for Cash and Carry exemptions, the spread between the front delivery month and a deferred delivery month).

Exemption forms can be found here.

The above exemption requests should be sent to: marketregulation-europe@ice.com

The determination of whether to approve an application for an exemption from Position, Expiry, or Delivery Limits is solely that of the Exchange.

A Member acting on behalf of a client, a Member or the client itself may submit an application for an exemption to the Exchange. Market participants may apply to the Exchange for an exemption through their Clearing Member or directly, but in the latter case should advise their Clearing Member(s) that they have done so. If this is not done at the application stage, the Exchange will disclose the fact and size of exemptions to their Clearing Members. Members who have clients with positions that exceed the Limits who have not applied for an exemption on behalf of that client should confirm with the Exchange whether or not an exemption has been granted to that client. It will not be necessary for a client with positions across multiple Clearing Members to make multiple applications.

Where the application is on behalf of a client, the exemption, if granted, will be in respect of the client's net Futures equivalent position as aggregated across all Members.

10. LGTR Position reporting

Positions above the required LGTR thresholds (see guidance here) or subject to enhanced reporting requirements triggered by the Single Month or All Month Accountability levels must be reported on a daily basis. If the position is in respect of a new account, then an account identification form must be submitted which will require:

- Unique and consistent account identification code;
- Unique and consistent account ownership/controller identification;
- Commercial/non-commercial classification of account owner which, where appropriate, must be consistent with the classification notified to the CFTC.

Client identification and classification
The Exchange requires the submission of Ownership and Control ("OCR") information by Reporting Firms providing details of the Reporting Position Accounts. It is particularly important that any omnibus accounts are noted as such. To identify any Reportable Position Account, reporting Firms must comply with the Exchange's OCR requirements.

Positions reported to the Exchange by Clearing Members must be equivalent to the Open Interest calculated for that Clearing Member for that Business Day.

11. Confidentiality

All data is confidential and treated in accordance with Rule A.4. Position data relating to US Linked Contracts is shared with the CFTC.

Appendix A

<u>List of Position Limit exemptions in ICE Futures Europe Linked Contracts commensurate to those contained within Appendix A of Part 150</u>

1) ***Hedges of inventory and cash commodity fixed-price purchase contracts*.**
Short positions in commodity derivative contracts that do not exceed in quantity the sum of the person's ownership of inventory and fixed-price purchase contracts in the commodity derivative contracts' underlying cash commodity.

2) ***Hedges of cash commodity fixed-price sales contracts.***
Long positions in commodity derivative contracts that do not exceed in quantity the sum of the person's fixed-price sales contracts in the commodity derivative contracts' underlying cash commodity and the quantity equivalent of fixed-price sales contracts of the cash products and by-products of such commodity.

3) ***Hedges of offsetting unfixed-price cash commodity sales and purchases*.**
Both short and long positions in commodity derivative contracts that do not exceed in quantity the amount of the commodity derivative contracts' underlying cash commodity that has been both bought and sold by the same person at unfixed prices:

    i. Basis different delivery months in the same commodity derivative contract; or
    ii. Basis different commodity derivative contracts in the same commodity, regardless of whether the commodity derivative contracts are in the same calendar month.

4) ***Hedges of unsold anticipated production.***
Short positions in commodity derivative contracts that do not exceed in quantity the person's unsold anticipated production of the commodity derivative contracts' underlying cash commodity.

5) ***Hedges of unfilled anticipated requirements.***
Long positions in commodity derivative contracts that do not exceed in quantity the person's unfilled anticipated requirements for the commodity derivative contracts' underlying cash commodity, for processing, manufacturing, or use by that person, or for resale by a utility as it pertains to the utility's obligations to meet the unfilled anticipated demand of its customers for the customer's use.

6) ***Hedges of anticipated merchandising**.*
Long or short positions in commodity derivative contracts that offset the anticipated change in value of the underlying commodity that a person anticipates purchasing or selling, provided that:

    i. The positions in the commodity derivative contracts do not exceed, in quantity, twelve months of current or anticipated purchase or sale requirements of the same cash commodity that is anticipated to be purchased or sold; and
    ii. The person is a merchant handling the underlying commodity that is subject to the anticipatory merchandising hedge, and that such merchant is entering into the position solely for purposes related to its merchandising business and has a demonstrated history of buying and selling the underlying commodity for its merchandising business.

7) ***Hedges by agents*.**
Long or short positions in commodity derivative contracts by an agent who does not own or has not contracted to sell or purchase the commodity derivative contracts' underlying cash commodity at a fixed price, provided that the agent is responsible for merchandising the cash positions that are being offset in commodity derivative contracts and the agent has a contractual arrangement with the person who owns the commodity or holds the cash-market commitment being offset.

8) ***Hedges of anticipated mineral royalties.***
Short positions in a person's commodity derivative contracts offset by the anticipated change in value of mineral royalty rights that are owned by that person, provided that the royalty rights arise out of the production of the commodity underlying the commodity derivative contracts.

9) ***Hedges of anticipated services*.**
Short or long positions in a person's commodity derivative contracts offset by the anticipated change in value of receipts or payments due or expected to be due under an executed contract for services held by that person, provided that the contract for services arises out of the production, manufacturing, processing, use, or transportation of the commodity underlying the commodity derivative contracts.

10) ***Offsets of commodity trade options*.**
Long or short positions in commodity derivative contracts that do not exceed in quantity, on a futures-equivalent basis, a position in a commodity trade option that meets the requirements of CFTC Regulation 32.3 (Trade Options).

11) Cross-commodity hedges.
Positions in commodity derivative contracts described as transactions that qualify under CFTC Regulation 150.1(2) as a pass-through swap and pass-through swap offset pair, or a Offset of a bona fide hedger's qualifying swap position; or as outlined in a) to k) above which may also be used to offset the risks arising from a commodity other than the cash commodity underlying the commodity derivative contracts, provided that the fluctuations in value of the cash commodity underlying the commodity derivative contracts, shall be substantially related to the fluctuations in value of the actual or anticipated cash commodity position or a pass-through swap.

Additional Grounds for Exemption

12) Financial Distress Circumstances
Financial distress circumstances including, but are not limited to, situations involving the potential default or bankruptcy of a customer of the requesting person or persons, an affiliate of the requesting person or persons, or a potential acquisition target of the requesting person or persons.

13) Spread transactions
An intra-market spread, inter-market spread, intra-commodity spread, or inter-commodity spread, including a calendar spread, quality differential spread, processing spread, product or by-product differential spread, or futures-option spread.

Appendix B

Additional guidance for exemptions to Soft Commodities Delivery Limits

In addition to the guidance below and the terms set out elsewhere in this document, market participants should refer to Section P of the Exchange rulebook.

General Conditions

Applications for exemptions will be reviewed by the Exchange. The Exchange may request such further information from the Member or the relevant non-Member customer as it sees fit.

Having considered the application in light of all the information available to it, the Exchange will either grant the exemption or the application may be refused. Any decision is wholly at the discretion of the Exchange and the Exchange's decision is final; there is no right of appeal.

If granted by the Exchange, any exemption will be subject to specific conditions, as determined by the Exchange at its absolute discretion, which may include offering liquidity at specified price levels as the alternative to proceeding with the original exemption structure. Any failure to comply with the conditions will be investigated and may be the subject of disciplinary action.

Any misrepresentation as part of an application will be investigated by the Exchange as a potential breach of the Rules. The Exchange expects subsequent actions carried out in respect of the position to which an exemption relates to be commensurate with the rationale, information and undertakings provided in the application. The Exchange requires that if unforeseen circumstances in some way affect the expectations stated by the applicant, that these will be communicated to the Exchange in an open and timely manner. Any deviation which is deemed, in its absolute discretion, as unjustified by the Exchange will be investigated and may be the subject of disciplinary action.

The Exchange reserves the right to alter the terms of, or cancel, a Delivery Limit exemption, at its absolute discretion.

Long Exemptions

1) **'Cash and Carry' Exemption**

For these purposes, the Exchange defines 'cash and carry' as meaning that a long position is held in the near delivery month and an equal short position held in a deferred delivery month. The long nearby position is in contango, i.e. at a discount to the price of the deferred short position, which enables taking delivery in the near month and subsequently redelivering against the short position in transactions that are likely to result in a net profit. In such situations, the Exchange will consider an application for an Exemption. The Exchange will not necessarily expect the totality of the positions to be in place at the time the exemption application is made.

The application must provide details of the cost of carry and, where relevant, the minimum spread level at which the position was or will be entered into and which would result in an economic profit.

If an exemption is granted, in the event of the narrowing of the price differential between the near and the deferred month to par, the participant will be required to ensure that the portion of the near month position that is in excess of the Limit is offered to the market at price levels which are no more than par. In the event that this liquidation is followed by the price structure moving back into contango, the participant will be permitted to reinstate the position up to the amount of the original exemption

2) Physical Off-Take Exemption

An application for an exemption can be made on the basis of a pressing commercial rationale and contractual commitment which corresponds to and could reasonably be fulfilled by the contract specifications (including quality, location and delivery period). In the case of Robusta Coffee and London

Cocoa, the commitment is expected to match the period in between the expiring month and the subsequent expiry month.

The application must contain details of the commitment including copies of contractual agreement(s) or justifications as prescribed by the Exchange in its absolute discretion.

If an exemption is granted, the applicant is expected to take delivery and utilize the stocks in accordance with the case presented; any deviation in behaviour would be subject to investigation and possible disciplinary action.

Short Exemptions

3) Stock-Holder Exemption

This Exemption allows for short position holders to deliver up to approved amount where, in the case of Robusta Coffee and London Cocoa, there is proven ownership of graded commodity available for delivery or, in the case of Wheat, there is proven ownership of Wheat under Warrant or, in the case of White Sugar, where an appropriate undertaking can be given that the physical commodity will be available for shipment.